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ONTARIO ENERGY BOARD



ANNUAL REPORT

Year ending December 31, 1973



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Ministry of
Energy

416/965-4286

Queen's Park
Toronto Ontario

June 11, 1974

TO THE HONOURABLE PAULINE M. MCGIBBON
O.C., B.A., LL.D., D.U. (OTT.)

Lieutenant-Governor of the Province of Ontario

MAY IT PLEASE YOUR HONOUR:

I take pleasure in submitting the Fourteenth
Annual Report of the Ontario Energy Board for
the year ending December 31, 1973.

Respectfully submitted

W. Darcy McKeough
Minister



Ontario
Energy
Board

416/965-6078

9th Floor
14 Carlton Street
Toronto Ontario
M5B 1K5

April 22, 1974

Honourable W. Darcy McKeough
Minister of Energy
12th Floor
56 Wellesley Street West
Toronto, Ontario.

Dear Mr. McKeough:

I have the honour to present herewith the
Annual Report of the Ontario Energy Board for the
calendar year 1973.

Respectfully submitted,

S. W. Clarkson
Chairman

FOURTEENTH ANNUAL REPORT

OF THE

ONTARIO ENERGY BOARD

YEAR ENDING DECEMBER 31, 1973

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ONTARIO ENERGY BOARD

W. W. STEVENSON
Member

S. J. WYCHOWANEC
Member

W. D. R. ELDON
Member

D. M. TREADGOLD
Member

J. A. W. WHITEACRE
Member

A. B. JACKSON
Vice-Chairman

S. W. CLARKSON
Chairman

I. C. MacNABB
Vice-Chairman

Absent: A. J. G. LEIGHTON
Member

1973 ANNUAL REPORT

Introduction

The activities of the Board in 1973 reflected the energy problems and energy issues which became prominent in Canada during the year. The issues included price increases and possible supply shortages for natural gas. In addition, the Board's areas of responsibility were broadened to include a review of all proposed increases in the price of electricity.

[With respect to natural gas, the developments most directly affecting the Board were the increases in prices charged to Ontario distributors by TransCanada PipeLines Limited. These price increases led to applications to the Ontario Energy Board by the distributors for increases in their rates. Except for relatively small amounts of gas purchased in southwestern Ontario and small amounts imported from the United States by Union Gas Limited, all the natural gas sold in Ontario is gas transmitted from Western Canada by TransCanada PipeLines Limited and either sold by that company to the Ontario distributors or sold to the larger distributors for re-sale to the smaller ones.]

[With respect to Ontario Hydro, the legislation giving the Board powers of review of rates and rate-related matters, and the initial reference to the Board from the Minister were among the important consequences of an extended and comprehensive study of energy matters by the government.]

On June 7, the Premier announced the establishment of the Ministry of Energy to include the Ontario Energy Board. Accordingly, following approval of the legislation, the Ontario Energy Board transferred its reporting relationship from the Ministry of Natural Resources to the new Ministry of Energy.

[At the same time, several further amendments to the Ontario Energy Board Act were passed by the Legislature. The most important of these made provision for the appointment of additional Board members. Other amendments made provision for natural gas rate increases under certain circumstances to be considered by the Board without determination of the rate base of the applicant company.]

FUNCTIONS OF THE BOARD

[The Ontario Energy Board was established in 1960 as the successor to the Ontario Fuel Board, with the primary function of regulating the transmission, storage, distribution and sale of gas in the Province, and with certain limited additional functions in the energy field.] As of the early part of 1973, i.e., before amending legislation that is reviewed briefly in this report, the major functions of the Board were as follows:

a) [Under The Ontario Energy Board Act

Approving and fixing the rates and charges for the sale, transmission, distribution and storage of gas in the Province.

Ensuring compliance by gas companies with the Uniform System of Accounts for Gas Utilities.

Granting leave to construct transmission pipe lines, production lines, distribution lines and stations.

Granting authority to expropriate land for pipe lines and stations.

Recommending the designation of lands as gas storage areas and reporting on applications for permits to drill wells in such areas.

Authorizing gas storage operations in designated gas storage areas.

Requiring and regulating the joining of interests in gas or oil pools, and apportioning the benefits of operation therein.

Hearing and reporting to the Lieutenant Governor in Council on proposals of gas companies to sell their systems, amalgamate with other companies, or acquire shares of other gas companies.

Examining and reporting on any matters pertaining to energy referred to the Board by the Lieutenant Governor in Council.]

b) Under The Municipal Franchise Act

Approving terms and conditions of municipal gas franchise agreements, renewing or extending expired gas franchises or denying renewals or extensions if not in the public interest.

Granting certificates of public convenience and necessity for the supply and distribution of gas in municipalities.

c) Under The Petroleum Resources Act, 1971

Examining and reporting on certain matters referred to the Board by the Minister of Natural Resources.

d) Under The Public Utilities Act

Controlling gas companies that contravene municipal by-laws prohibiting the distribution and sale of gas containing sulphuretted hydrogen.

e) Under The Assessment Act

Classifying certain pipe lines for assessment purposes.

During 1973, by an amendment of The Ontario Energy Board Act, the Board was made responsible for annual reviews of rate changes proposed by Ontario Hydro and for such other matters affecting or related to the rates or charges of Ontario Hydro as the Minister of Energy may refer to the Board for investigation, examination and report.

COMPOSITION OF THE BOARD

Following an amendment to The Energy Board Act, several new members were appointed to the Board. At year end, the Board consisted of nine members, including the chairman and two vice-chairmen. Six of the nine serve as full-time members.

S. W. CLARKSON, Chairman
A. B. JACKSON, Q.C., Vice-Chairman
I. C. MacNABB, P.Eng., Vice-Chairman
W. D. R. ELTON, Ph.D., Member
W. W. STEVENSON, Ph.D., Member
MISS S. J. WYCHOWANEC, Q.C., Member
* A. J. G. LEIGHTON, P.Eng., Member
* D. M. TREADGOLD, Q.C., Member
* J. A. W. WHITEACRE, Q.C., Member

At the request of the chairman, a comprehensive review of the Ontario Energy Board was carried out by Management Services during the year. The recommendations of the report were adopted which resulted in some increase in staff and revisions to the existing organization structure. One significant change was the establishment of a new senior staff position, Director of Operations. This position was filled by year-end.

WORK OF THE BOARD

With minor exceptions, the Board is required to act as a quasi-judicial tribunal when an application is made to it. Notice of the application is given by the applicant in accordance

* Part-time

with the Rules of Procedure and the application is then set down for hearing by a panel assigned to the case by the chairman. Where the case is of local interest, e.g., pipeline construction or expropriation of pipeline easements, the hearings are held in the area affected. In 1973, hearings outside of Toronto were held at Sarnia, Chatham, St. Thomas, London and Windsor.]

[In all cases where an application is opposed and in some cases even where it is not opposed, the Board issues written reasons for its decisions and these are available on request from the Board Secretary. The Board's decisions are subject to appeal to the Court of Appeal on a question of law or jurisdiction and are also subject to review by the Lieutenant Governor in Council.]

[One appeal to the Courts was dealt with by the Court of Appeal in 1973. The Court upheld a decision of the Board authorizing the acquisition of a pipeline easement in the City of Windsor by Union Gas Limited from certain land-owners.]

Where the Board acts on a reference from the Lieutenant Governor in Council, the Minister of Energy or the Minister of Natural Resources, it must in most cases hold a public hearing and submit a report with its opinion. The most important reference during 1973 was a reference dated November 5, 1973 from the Minister of Energy respecting Ontario Hydro.

[The three major distributors in Ontario applied during the year for rate relief as a result of the increasing cost to them of their natural gas supply. In response, the Board has been developing new procedures by which applications for rate increases can be handled expeditiously. Facing a similar situation, the National Energy Board announced new abbreviated hearing procedures to deal with rate requests brought on by higher natural gas prices.] In the United States,

several jurisdictions make provision for automatic "tracking" of increased natural gas costs without a hearing. In Ontario, the system of individual contracts between the distributor and industrial customers usually achieves the same result. The applications for rate increases brought about by higher supply costs refer in the main therefore to residential customers.

During 1973, the Board received a total of 71 applications and references and held a total of 41 hearings of which 12 were outside Toronto. Brief reviews of the more important matters dealt with by the Board are set forth herein.

NATURAL GAS

Supply

During the first half of the year, several meetings were held with the distributing companies to review the matter of the supply of natural gas. The Board was requested by the government to hold talks with the companies to formulate plans for supply management in the event that a supply problem developed for the winter of 1973-74. The Board worked with officials of the Ontario Natural Gas Association and a report was forwarded on this matter during the summer. However, following a favourable decision by the Alberta Government concerning certain gas contracts, it became clear that the natural gas supply would be adequate for the winter heating season.

The possibility that the supply of natural gas may not be sufficient to meet the actual and potential demand from all customers, raises the question of allocation according to priority of end use. In recent years in the United States, many jurisdictions have established a priority system by which the available supply may be allocated should that be necessary.

Production

During December, an application was received from Union Gas Limited for an Order under section 24(c) of The Ontario Energy Board Act, requiring and regulating the joining of the various interests within the Dawn 4-28-3 Pool in Lambton County, for the purpose of drilling and operating wells for the production of gas. As of the close of the year, no action had been taken on this application.

As explained in the next section of this report, the Board, on a reference from the Minister of Natural Resources, recommended the granting of a permit to International Baslen Enterprises Limited to drill a well for gas production in an area adjoining the Bickford gas storage pool.

Storage

Union Gas Limited applied to the Board early in 1973 for an enlargement of the Bickford gas storage pool in the County of Lambton. The application stated that:

"In the course of development of the Bickford Pool for storage, Union Company has concluded that it is possible that some of the gas bearing portion of the Salina A1 formation may extend to the east beyond the existing easterly limit of the currently designated gas storage area known as the Bickford Pool with the result that additional lands to the east of the Bickford Pool should be designated as a gas storage area, with authority granted to Union Company as Operator of the Bickford Pool to inject, store and remove gas in and from such additional designated gas storage area."

The requested enlargement of the area would require a regulation designating the additional area for gas storage and an Order of the Board authorizing injection, storage and removal of gas by the Applicant. The application was heard at Sarnia on September 24 but prior to that time the Board received a reference from the Minister of Natural Resources requiring it to investigate an application of International Baslen Enterprises Limited for a permit to drill a well for gas in the area affected. The Board recommended the granting of the permit to International Baslen Enterprises Limited and reserved its decision on the application for enlargement of the Bickford gas storage pool pending completion of the Baslen well and evaluation of the results.

Upon a reference from the Minister of Natural Resources, the Board recommended the granting of permits to Tecumseh Gas Storage Limited to drill three wells in the Seckerton and Kimball-Colinville gas storage pools in Lambton County. The wells are part of a drilling program designed to develop deliverability in order to meet an increasing contractual storage commitment to The Consumers' Gas Company.

Pipe Lines

The Board held a hearing at Chatham on August 1 of an application of Union Gas Limited to construct its Chatham Loop Line, a project needed for the general up-grading of the transmission system in the vicinity of Chatham and requiring the expenditure of over \$2,000,000. The project called for various sizes of high-pressure pipe line up to 12 inches in diameter. Phase 1, required for operation in 1973, was a proposed line from Union's high-pressure line at Dover Centre to the company's existing facilities in West Chatham and leave to construct this line was granted by the Board. Phase 2,

required for operation in 1974, was a line around Chatham to the north and east of the city and extending south to a connection with an existing 10 inch line a little north of Blenheim. The Board reserved its decision on Phase 2, pending consideration of a possible alternative route. The details with respect to both Phases, 1 and 2, are set forth in Reasons for Decision issued by the Board on August 28.

Leave was granted to The Consumers' Gas Company to construct approximately 24.5 miles of 6-inch diameter high pressure gas transmission pipe line from its existing facilities in the Town of Orangeville to an existing gate station in the vicinity of Kings' Highways 9 and 27. Rapid growth in the Town of Orangeville and the adjacent municipalities required that the existing 4-inch diameter line serving these areas be reinforced to ensure adequate supply to meet the new demands. This line will be laid within the limits of provincial highways and county and township roads.

Three other applications were received by the Board from Union Gas during the year and will be heard in 1974. One of these was for an Order authorizing leave to construct the first phase of looping with a 42-inch line the existing 26-inch and 34-inch Dawn-Trafalgar transmission system, from the Dawn compressor station to its Enniskillen valve site, a distance of approximately 10.8 miles. The second application requested leave to construct approximately 21 miles of 12-inch pipe line and related facilities required to reinforce the existing Owen Sound transmission line. The proposed location is north from the existing Dawn-Trafalgar transmission pipe lines and west of the cities of Kitchener and Waterloo to a point on the existing Owen Sound pipe line north of Waterloo. The third application requested leave to construct a new regulator

and metering station in the Town of Essex and sections of 4-inch and 6-inch distribution lines to connect the new station to the existing distribution system.

In addition to the above projects, easement acquisition and construction was continued on projects previously authorized.

A relatively small number of expropriations for pipe line easements and other pipe line property requirements were authorized during the year. In these cases, the Board holds hearings in the local area to encourage the presentation to the Board of all the facts of concern to the landowner. Often, the matter of most concern is compensation and the Board makes it clear that in case of inability to agree this issue must be referred to the Land Compensation Board, not to the Ontario Energy Board.

One of the cases involved the acquisition of a small parcel of land for a valve site for a 10-inch gas transmission line in the Township of Southwold in the County of Elgin, known as the Talbotville line, for which line the Board had granted leave to construct by its Order E.B.L.O. 160. The Board authorized the expropriation but on condition that visual effects be minimized by burying the valve assembly or locating it in an underground concrete vault. Most of the other expropriations sought or authorized in 1973 were for pipe line easements for this line.

An application by Union Gas to expropriate certain lands in the City of Windsor for pipe line construction, authorized by the Board by its Order E.B.L.O. 154, was received but not heard during 1973.

Franchises and Certificates of
Public Convenience and Necessity

Inter-City Gas Limited, which distributes natural gas in Fort Frances and other communities in Ontario near the Minnesota boundary as well as in Minnesota, was granted a Certificate of Public Convenience and Necessity for the supply of gas in the Township of Chapple. The principal customer is Arctic Peat Moss Limited, which conducts a peat moss excavation and drying operation within the municipality. In accordance with The Municipal Franchises Act, the Board also made an Order approving the terms and conditions of the gas franchise granted to the company by the municipality.

Union Gas Limited, which had the right to distribute gas for only a part of the Township of Bayhem in the County of Elgin, wished to extend its facilities into other parts of the Township and was granted a Certificate of Public Convenience and Necessity authorizing it to do so.

The Board approved the terms and conditions of gas distribution franchises granted to Union Gas Limited by the Township of Burford and the Town of Waterford. The company had formerly provided a limited service in Burford under its transmission franchise and wished to extend its lines in the municipality. In the case of Waterford, an old distribution franchise had expired.

An application for a Certificate of Public Convenience and Necessity was received from The Medina Natural Gas Company Limited for the right to supply gas in the areas previously served by that company's subsidiary, The Central Pipeline Company, Limited, i.e., the Town of Aylmer and surrounding areas. The application was held in abeyance pending negotiations by the Applicant for municipal franchises.

Amalgamations and Sales of Systems

During the year under review, Union Gas Limited amalgamated with its wholly-owned subsidiary, United Gas Limited. In accordance with section 26 of The Ontario Energy Board Act, the application for leave to amalgamate was made to the Board which held a hearing and submitted its report and opinion to the Lieutenant Governor in Council. Leave was granted by OC-840/73 dated March 21, 1973. In its report, the Board outlined the operations of the two companies and their inter-relationship and said:

"In the opinion of the Board, the proposed amalgamation of Union with its wholly-owned subsidiary is largely an internal matter and the lack of any objection thereto, or other intervention, illustrates public appreciation of this. Insofar as the public interest is affected, the Applicants estimate that expenses can be reduced by about \$90,000 per year and they submit that, under regulation, the customers receive the benefit of such a reduction in expenses.

"The Board is satisfied that the amalgamated company, as from the date of amalgamation, will be subject to regulatory control as fully as the two separate companies prior to amalgamation."

Early in 1973, the natural gas distribution system owned and operated by The Central Pipeline Company, Limited in Aylmer and surrounding areas, was sold to the parent company, The Medina Natural Gas Company Limited. Upon recommendation by the Board, Central was exempted by the Lieutenant Governor in Council from obtaining leave pursuant to section 26(1)(a) of The Ontario Energy Board Act. Medina is required, however, to obtain a certificate of public convenience and necessity from the Board and gas franchises from the municipalities served. An application for a certificate is on file but is being held in abeyance pending negotiation of municipal franchises.

Discontinuance of Service

After ten days of hearings at Cayuga during the period November 16, 1972 to May 15, 1973, the Board granted leave to Union Gas Limited to discontinue distributing natural gas to 34 customers in the Townships of North Cayuga, South Cayuga, Walpole, Dunn and Rainham in the County of Haldimand. As explained in more detail in the Board's Reasons for Decision dated July 31, 1973, the natural gas system of Dominion Natural Gas Company, which Union purchased in 1958, included fairly extensive gas production operations in Haldimand County comprising wells, field lines and gathering lines. Gas production, which studies showed to be uneconomic, was phased out by 1971, and Union then evaluated the continued use of the gathering lines, which connected the wells to the transmission system, for the purpose of distributing gas to the customers connected to them. The company came to the conclusion that, with respect to many lines, it would be uneconomic to up-grade them to distribution standards or to replace them. The company required agreement from the customers or, failing that, leave of the Board in order to discontinue service.

On the lines involved in the proceedings before the Board, agreements had been obtained from 225 customers and application for leave of the Board was made with respect to the remaining 36 customers, two of whom entered into agreements before the Board's hearings were concluded. In granting leave, the Board made it a condition that financial assistance be given by Union to the customers to assist them in the changeover to other fuels. This assistance was somewhat more ample than the company had provided for in the agreements it had obtained and the Board understands that the company voluntarily increased the payments under those agreements to correspond with the payments it had to make to the customers covered by the Board's leave Order.

Rates

The year 1973 was a particularly active one for the Board in the regulation of natural gas rates. Except for relatively small amounts of gas produced in the Province and small amounts imported from the United States, all the natural gas sold in Ontario is Western Canadian gas obtained in Ontario directly or indirectly from TransCanada PipeLines Limited. TransCanada's rates are regulated by the National Energy Board and that Board approved three successive increases in its rates, effective June 1, September 1 and November 1, 1973. These increases in cost to the Ontario producers resulted in applications to the Ontario Energy Board by the three major Ontario distributors for increases in the rates charged to their customers.

In the case of Northern and Central Gas Corporation Limited, which serves Northern Ontario and part of Eastern Ontario, the Board had completed a comprehensive review of the rates of the company in 1971 and, in approving rates at that time made provision for an adjustment, if necessary, following a decision of the National Energy Board on a then pending application to that Board by TransCanada PipeLines Limited. The N.E.B. decision was announced in May 1973 and it resulted in increased gas costs to Northern and Central effective June 1, 1973. After a hearing, the Board concluded that, under the terms of its 1971 Order, the company had not made a case for an Order of the Board passing on this increase. The company's earnings had improved somewhat since the 1971 Decision and, moreover, under the existing system of contractual rates for large users within ranges approved by the Board, most of the increase in purchased gas costs was recoverable from such customers without an Order of the Board. The Board's decision is explained in more detail in Reasons for Decision dated August 10, 1973.

On October 10, 1973, Northern and Central made a new application to the Board to approve or fix just and reasonable rates and at the same time requested the approval of interim rate increases that would permit it to recover two increases in its gas purchase costs which became effective on September 1, 1973 and November 1, 1973, pursuant to approvals granted to TransCanada PipeLines Limited by the National Energy Board. The two increases amounted to a little less than 7¢ per Mcf. The Board held a hearing on the request for interim increases and granted them for reasons explained in Reasons for Decision dated December 21, 1973. In granting the interim increases, the Board acted in accordance with guidelines set forth by the Board in an earlier case involving Union Gas Limited, as follows:

"No doubt rate increases granted on the basis of a prima facie case should be regarded as an extraordinary remedy and the request for it should be supported by a reasonable showing that, without it, substantial harm might result to the Applicants and, with it, substantial harm would not result to others. It is the tentative view of the Board that no denial of natural justice would result if the rates are thoroughly investigated as soon as possible and the interim increases, if any, are made subject to refund or other appropriate adjustment by the Board if then found to be unsupported, in whole or in part."

The interim increases were granted on a refundable basis, pending review after the hearing of the main application, and that hearing will be held as soon as possible in 1974.

A comprehensive review of the rates of The Consumers' Gas Company was undertaken by the Board early in 1973. Hearings on the company's rate base and return thereon were commenced on April 16 and continued from time to time throughout the year and into January of 1974 and a decision has been reserved pending consideration of written argument. The hearings were

interrupted on two occasions to deal with requests for interim rate increases designed to recover increases in the cost of gas purchased from TransCanada PipeLines Limited. In accordance with Reasons for Decision dated June 30, 1973, the Board authorized the first of these increases, amounting to 2.3¢ per Mcf, and in accordance with Reasons for Decision dated November 7, 1973, the Board authorized the second, amounting to a further 7¢ per Mcf. In both cases, the increases are subject to refund if found unwarranted by the Board when making its decision on the main proceeding.

A comprehensive review of the rates of Union Gas Limited was also undertaken by the Board in 1973. The application of the company for such a review included a request for interim rate relief, which would introduce a minimum monthly bill of \$3.00 and would also pass on to its customers increases in the cost of gas purchased by Union from TransCanada PipeLines Limited and from Panhandle Eastern Pipeline Company. The application for interim rate relief was heard by the Board on June 15 and 18, 1973, and, as explained in the Board's Reasons for Decision dated June 29, the Board refused to make an interim Order authorizing the introduction of a minimum bill, but granted an interim increase, on a refundable basis, of 3.25¢ per Mcf to enable the company to recover increases in its cost of purchased gas.

Subsequently, on August 3, the company requested the granting of further interim rate relief because of new increases in its cost of gas purchased from TransCanada and Panhandle. As explained in the Board's Reasons for Decision dated November 23, 1973, the Board granted an interim rate increase, on a refundable basis, of 7¢ per Mcf, this being in addition to the earlier increase of 3.25¢ per Mcf. The company's evidence in support of its main application was pre-filed and made available to interested parties about the end of September 1973 and hearings on that application will be held early in 1974.

A number of other gas rates matters, of less importance, were dealt with during the year. Many of these provided for continuation of particular interim rates of Union Gas Limited that will be finally disposed of in 1974 after the comprehensive review of the rates of that company. One matter of at least local public interest was the Board's approval of the initial rates to be charged by Inter-City Gas Limited for its new service in the Township of Chapple. Another matter of local public interest was the decision of the Board, after a public hearing in the area affected, to grant an interim increase of 15% in the gas rates of Wellandport Gas Co. Ltd., which sells gas to some 110 customers in the Township of West Lincoln and Wainfleet. The circumstances are explained in some detail in the Board's Reasons for Decision dated February 26, 1973.

During the year, there occurred the unusual case of a customer applying to the Board to fix just and reasonable rates. The customer, Cornwall Chemicals Limited, had been served under contract by Northern and Central Gas Corporation Limited, the contract had expired, and the customer had difficulty in obtaining a new contract on terms it considered reasonable. This matter is in abeyance, arrangements having been made between the parties for service up to October 31, 1974.

Regulation of Accounts

Because of the major rates cases pending before the Board and the inter-relationship of accounting treatment and rate-making treatment, a number of important accounting rulings that might otherwise have been made in 1973 pursuant to the Uniform System of Accounts have been deferred to 1974.

OIL AND REFINERY PRODUCTS

Upon an application by Sun-Canadian Pipe Line Company Limited, the Board granted leave to the company to construct 123 miles of 12-inch transmission pipe line in three sections paralleling an existing 8-inch line between Sarnia and Toronto. The line, which will carry refinery products, is to be laid close to the existing line and within the existing easements, and it is required in order to meet anticipated higher through-put demands. At the hearing at London on August 16, the proposed line location and construction practices, among other things, were examined in considerable detail and the proceedings are summarized in the Board's Reasons for Decision dated August 30.

ONTARIO HYDRO

The 1973 legislation which provides for references to the Board by the Minister of Energy of matters affecting Ontario Hydro, deals with two kinds of reference. Ontario Hydro's rate changes for each year normally become effective on January 1 of the year and its proposals for that year must be submitted to the Ministry eight months in advance, i.e., by May 1 of the previous year, and the Minister must then refer them to the Board for hearing and report. The first reference of this kind is expected to come to the Board on May 1, 1974 and cover the rate changes proposed for 1975.

The other kind of reference provided for in the legislation is discretionary with the Minister of Energy, who may at any time refer certain rate matters or rate-related matters to the Board. Upon receipt of such a reference, the Board is required to hold a public hearing at which it shall investigate and examine into the matter and report thereon to the Minister.

A reference of this kind was made by the Minister on November 5, 1973, requiring the Board to undertake a review of Ontario Hydro's power system expansion program and its financial policies and objectives. The Board immediately took steps to form a group of technical advisors to assist the Board and its counsel, Mr. R. W. Macaulay, Q.C., to give directions as to the preparation of evidence by Ontario Hydro, and to provide for the hearing and Notice of Hearing. The hearing was scheduled to commence on January 21, 1974, and notice thereof was widely published in November 1973. Interested persons who wished to make submissions to the Board were required to give notice of intention to do so by December 14 and a number of individuals and groups did so. Hydro was required to pre-file its evidence and argument on the first phase, i.e., power system expansion, by December 20, 1973, and to make this material available to interested persons.

Upon receipt of Ontario Hydro's pre-filed material on December 20, the Board's advisory staff, which had already been engaged in preliminary work, entered upon an intensive investigation of the various questions to be explored and, at the end of the year, the work on the Minister's reference was well under way.

ENERGY RETURNS OFFICER

This is a statutory position established under Part III of The Ontario Energy Board Act, to advise and assist the Board in the disposition of matters coming before it. The Energy Returns Officer has the power to obtain documents and records of gas utilities and the responsibility to notify the Board of all matters he thinks relevant to Board proceedings or possible future Board proceedings. In quasi-judicial proceedings, no document, record, or photocopy in the hands of the Energy Returns Officer shall be excluded as evidence on

grounds of privilege. Such information is usually adduced through Board counsel, at hearings, but is confidential with respect to third parties until it is entered as evidence.

During 1973, the rate hearings for the major gas utilities occupied most of the time of the Energy Returns Officer and staff in gathering financial information, evaluating the evidence and advising and assisting the Board, its counsel, and several expert witnesses retained by the Board to present evidence. The fact that few respondents took an active part in the proceedings placed greater responsibilities on the Energy Returns Officer and staff.

In the Consumers' Gas proceedings to the end of 1973, the staff participated in the preparation of cross-examination extending over 26 hearing days, some 20 multi-question, written interrogatories of company witnesses, and the review of 3,850 pages of transcript and 171 exhibits filed as evidence in the hearings. It is expected that cross-examination and argument in Phase I of this application (revenue requirements) will be completed early in 1974, and Phase II (rate structures) will commence.

The staff have also been occupied in preparing for the resumption of the Union Gas main hearing in January 1974 involving both written interrogatories and oral cross-examination of a complexity approaching Phase I of the Consumers' case. The main application of Northern and Central Gas will not be heard until somewhat later in 1974, but advance preparation was underway by the end of the year.

In addition, the Energy Returns Officer and staff must prepare for the Board's review of the Ontario Hydro's financial policies and financial objectives, which will follow

the review of policies and practices respecting expansion of the Ontario Hydro power system. This review commences in January 1974.

During the year, approval was obtained to increase the staff by three financial analyst-auditors and to retain outside professional accounting assistance where required.

ONTARIO ENERGY BOARD

Members :

S. W. Clarkson	Chairman
A. B. Jackson, Q.C.	Vice-Chairman
I. C. MacNabb, P.Eng.	Vice-Chairman
W. D. R. Eldon, Ph.D.	
A. J. G. Leighton, P.Eng.	
W. W. Stevenson, Ph.D.	
D. M. Treadgold, Q.C.	
J. A. W. Whiteacre, Q.C.	
Miss S. J. Wychowanec, Q.C.	

Board Secretary:

Miss I. C. Fidler

Board Solicitor:

L. Graholt

Director of Operations:

J. C. Butler

Special Projects Officer:

D. R. Cochran

Manager, Engineering:

K. J. Slater

Board Engineer:

H. Strozyk

Manager, Rate Design:

Manager, Financial Analysis:
(Energy Returns Officer)

W. P. Armes

Senior Financial Analyst:
(Deputy Energy Returns Officer)

O. J. Cook

Senior Financial Analyst:

A. Meddows-Taylor

